



# First Steps toward Recovery: Job Training and Reskilling

Report #257 | February 2021



Milton Marks Commission on California State  
Government Organization and Economy

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## Dedicated to Promoting Economy and Efficiency in California State Government

The Little Hoover Commission, formally known as the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, is an independent state oversight agency.

By statute, the Commission is a bipartisan board composed of five public members appointed by the governor, four public members appointed by the Legislature, two senators and two assemblymembers.

In creating the Commission in 1962, the Legislature declared its purpose:

**...to secure assistance for the Governor and itself in promoting economy, efficiency and improved services in the transaction of the public business in the various departments, agencies and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies and instrumentalities, and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...**

The Commission fulfills this charge by listening to the public, consulting with the experts and conferring with the wise. In the course of its investigations, the Commission typically empanels advisory committees, conducts public hearings and visits government operations in action.

Its conclusions are submitted to the Governor and the Legislature for their consideration. Recommendations often take the form of legislation, which the Commission supports through the legislative process.

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This report is available from the Commission's website at [www.lhc.ca.gov](http://www.lhc.ca.gov).

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# Letter from the Chair

## February 10, 2021

The Honorable Gavin Newsom  
Governor of California

The Honorable Toni Atkins  
President pro Tempore of the Senate  
and members of the Senate

The Honorable Anthony Rendon  
Speaker of the Assembly  
and members of the Assembly

The Honorable Scott Wilk  
Senate Minority Leader

The Honorable Marie Waldron  
Assembly Minority Leader

### **DEAR GOVERNOR AND MEMBERS OF THE LEGISLATURE:**

Last year, the Little Hoover Commission initiated a review of the economic impacts of the COVID-19 pandemic to better understand the challenges facing the California economy and identify how state government can support those impacted by the pandemic-induced recession. The following report, the second in our series, focuses on the historic jobs crisis facing our state and details our findings and recommendations for supporting job training and reskilling for workers impacted by the pandemic.

The Commission found that job training and reskilling will be critical in helping impacted workers return to employment, and have access to quality jobs. The Commission also found, however, that there are significant barriers that can make it difficult for individuals to identify training opportunities that lead to in-demand skills, or to translate training into a good job.

In this report, we examine how state government can respond at speed and at scale to the current jobs crisis. California has already taken important steps toward strengthening its systems of workforce development and career education, including the Strong Workforce Program, and toward promoting the development of training partnerships that feature high levels of coordination between training providers and employers and clear guidance for trainees. The Commission recommends that the state expand existing training partnerships and encourage new ones, and ensure those partnerships have the resources they need to support workers impacted by the pandemic. Training and support is especially critical for low-wage workers—where job losses are concentrated—and for those in underserved communities.

Over the next several months, we will examine approaches for addressing the longer-term economic effects of the pandemic. We intend to issue subsequent work later this year.

The Commission respectfully submits this work and stands prepared to help you address the economic impacts of the COVID-19 pandemic.

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Nava'.

Pedro Nava, Chair  
Little Hoover Commission

# ■ Executive Summary

California faces a historic jobs crisis. As of late 2020, California had lost over 1.5 million jobs due to the COVID pandemic—more than it did during the entire Great Recession. Many of the jobs that have been lost may not come back for years, if ever.

Job training and reskilling will be critical to help impacted workers return to employment and access quality jobs. Yet workers looking to learn new skills face a maze of options and a minefield of decisions.

In order to address the jobs crisis, California must focus resources on training workers and matching them with good jobs. To this end, the state must encourage training partnerships that feature high levels of coordination between training providers and employers, as well as guidance and support for workers seeking training.

## Reskilling and Recovery

The COVID pandemic has had a devastating but highly uneven impact on California's workforce, with that impact falling most heavily on workers in the leisure and hospitality industries.

Job losses are concentrated among low-wage workers, exacerbating inequality and occupational polarization, and among younger workers, less-educated workers, workers from communities of color, and women.

### NEED FOR RESKILLING

Full recovery in affected sectors of the economy is probably years away; hospitality and leisure may not see a full recovery until 2024. The pandemic has meanwhile accelerated investments in automation, bringing the "future of work" increasingly into the present. Many Californians impacted by the pandemic will need to move into new sectors, and may require training to do so.

Through training, California can help workers return to employment. By doing so, the state will also

address growing inequality. Many workers have lost jobs that paid low wages and provided few benefits. Yet high-quality training can help workers increase their earnings and advance their careers. State government must work with employers and training providers to forge training pathways that give impacted workers access to quality jobs as the economy recovers.

## The Challenges of Reskilling

Training is easier said than done. Although well-designed career education programs can lead to gains in employment and earnings, large-scale efforts to help workers transition to new jobs have generally had mixed or modest results. Training is often characterized by low completion rates, insufficient capacity, and barriers to access.

In order to address the reskilling needs of workers impacted by COVID, California must address structural and institutional barriers to training:

**Funding.** The U.S. spends less on training and workforce development than other industrial economies and, despite recent increases in state funding, the cost of career education remains a barrier to expanding training programs.

**Train and Pray.** Training programs have historically been characterized by a "train and pray" approach, with limited coordination between training providers and employers to move trainees into identified employment opportunities. Training programs have also generally not addressed the opportunity gaps that can prevent workers, especially low-income workers and workers from communities of color, from accessing or completing training, or from translating training into employment.

**Connected but Conflicted.** California's public institutions of higher education exist in a relationship with regional economies that is "connected but conflicted," with differing incentive structures and

institutional cultures. Institutions of higher education can struggle to match the current pace of economic and technological change in introducing or modifying job training.

**A Patchwork Quilt.** There are more than 30 state workforce and training programs in California, spanning nine state agencies. This institutional complexity is a barrier to collaboration in delivering training and creates a system that is difficult for both trainees and practitioners to navigate.

## Approaches for Strengthening Training and Workforce Development

State government has made important steps to strengthen California's systems of workforce development and career education. The state needs, however, to continue to work to better align incentives, funding, and programs to provide broad access to reskilling opportunities.

In recent years, colleges, workforce agencies, industry groups, and community organizations have implemented innovative approaches for improving alignment between training providers and employers and facilitating access to training. These include:

**Training Ecosystems and Cross-Sector Partnerships.** The creation of close partnerships that include training providers, employers, and training intermediaries, including community-based organizations, helps to address barriers to successful training. Intermediary organizations can facilitate coordination between employers and training providers, and help trainees navigate training programs and access wraparound support.

**Aligning Reskilling with Regional Economic Development.** Place-based approaches to inclusive regional economic development help to expand the share of good jobs and ensure those jobs

are available to traditionally marginalized and underserved populations.

**Industry-Led and Sector-Based Training.** In order to move away from “train and pray” approaches, colleges and workforce agencies are also working more closely with businesses and industry associations to ensure that training provides the specific skills that employers need.

## Recommendations

In the face of high unemployment and worsening inequality, state government needs to move quickly to build on ongoing work and to foster the expansion or creation of training partnerships that will give workers access to high-quality training and good jobs.

**Recommendation 1:** The Governor should present a statewide Equitable Recovery Worker Training plan to the Legislature. This plan should establish equity-minded targets for training, identify opportunities to increase cross-program coordination, and lay out a comprehensive outreach strategy for raising awareness of training opportunities among impacted communities.

**Recommendation 2:** The Governor and Legislature should increase annual funding for the community college Strong Workforce Program and direct this funding toward providing new or increased support for training intermediaries, including community-based organizations.

**Recommendation 3:** The Legislature should create a “race-to-the-top” grant competition for innovative regional training programs. This grant competition would support cross-sector training partnerships that include community-based organizations or other training intermediaries as co-creators and provide industry-led training opportunities for workers and communities impacted by the pandemic.

**Recommendation 4:** The Governor's Office should develop a statewide partnership with companies providing job market analytics to collect high-quality data and perform data analysis on in-demand skills, competencies, and occupations, and make this data available to training providers, workforce agencies, and their partners.

**Recommendation 5:** The state should establish a working group composed of senior representatives from relevant agencies that can facilitate coordination and interagency collaboration in providing reskilling opportunities to workers impacted by COVID.

# ■ Introduction

The COVID pandemic produced the sharpest and deepest economic contraction in California's modern history. As of late 2020, California had lost a total of over 1.5 million jobs as a result of the pandemic, more than the number of jobs lost during the Great Recession. These job losses are concentrated among lower-wage workers.<sup>1</sup> The pandemic also amplified existing trends toward greater automation, exacerbating concerns over the two-tier quality of California's economy and over a "future of work" that the pandemic made increasingly present.<sup>2</sup> It is probable that many of the jobs that have been lost may not come back for years, if ever.

In order to return to employment, and have access to quality jobs, many workers impacted by the pandemic may need training to acquire new or additional skills.

Yet a worker looking to get training to move into a new job likely faces a confusing and complex variety of options. They must choose whether to take a program offered by a community college, a university extension program, the online branch of a national nonprofit university, or a for-profit institution. They must choose from an array of different programs of varying length (and cost) that may culminate in career experience, an increasingly diverse range of certificates (some industry recognized, some not; some short-term, others long-term), or a degree. Few tools exist to help individuals understand the career or economic value of different program options, determine what skills are in-demand, or identify what training is right for them. To further complicate matters, federal aid for displaced and disadvantaged workers may be available for some programs, while Pell or Cal Grant aid may be available for others.

The worker confronts a maze of options and a minefield of choices, where a poor decision can leave them with debt and a credential with little value on the job market.<sup>3</sup> And they will probably have limited assistance making these choices. Federally-supported

American Job Centers are intended to provide "one-stop" access to employment and training programs, but most are unable to provide a high level of individualized attention and many job seekers are unaware that these centers even exist.<sup>4</sup>

Given the daunting situation for the individual seeking training, and in order to ensure that training leads workers to in-demand jobs, it is vital that the state of California support reskilling opportunities that feature high levels of coordination between training providers and industry, as well as clear guidance for the trainee. In order to provide more navigable pathways to training, the "different players in the workforce development field—including businesses, education and training providers, unions, trade associations, local governments, and workforce [development] boards—need to come together to form training partnerships."<sup>5</sup> High levels of collaboration are required to help workers identify pathways to a new career, locate appropriate training opportunities, and connect with the resources and supports that will help them complete training and translate that training into a job.

In recent years, California's colleges, universities, workforce agencies, and community-based organizations have developed innovative approaches to training and have crafted stronger partnerships. In the face of high unemployment and worsening inequality, California must move quickly to build on this work and on the state's investments in career training and workforce development. The state must expand existing training partnerships and encourage new ones, and ensure those partnerships have the resources they need to support workers impacted by the pandemic. By doing so, state government can help colleges, workforce organizations, and employers create and expand pathways that lead impacted workers back into employment and into high-quality jobs.

This report examines how state government can



respond at speed and at scale to the current jobs crisis. The Commission understands this report to complement ongoing work to strengthen California's systems of career education and workforce development, as well as the efforts of the Future of Work Commission to shape the development of a more equitable workforce in the face of rapid economic and technological change.<sup>6</sup> The pandemic underscores the importance of crafting more cohesive education and workforce systems that encourage the creation of good jobs, promote lifelong education, and support workers as they transition to new careers.<sup>7</sup> Yet as educational institutions and workforce agencies pilot and expand new practices and approaches, state government must take immediate steps to support workers impacted by COVID. By encouraging greater engagement with employers and greater coordination among training providers, these steps can help to establish stronger foundations upon which to build more robust systems of training and lifelong skills acquisition.

## Section 1: Reskilling and Recovery

The COVID pandemic and pandemic-induced recession have had a devastating but highly uneven impact on California's workforce. The pandemic's economic impact has fallen most heavily on the service sector, especially on leisure and hospitality. Mandatory closures and restrictions designed to limit COVID transmission, as well as declines in travel and tourism, severely affected these customer-facing industries. Leisure and hospitality accounted for nearly half of job losses between February and May 2020.<sup>8</sup> According to Opportunity Insights, as of late October 2020, employment in leisure and hospitality fell more than 28 percent from pre-pandemic levels, compared to an 8 percent fall in employment overall (See Figure 1).<sup>9</sup> Many of the impacted service sector businesses that closed as mandated by the

### The Economic Impacts of the COVID-19 Pandemic

This is the second Commission report on the economic impacts of the COVID-19 pandemic and on state government's response to the pandemic-induced recession. Our first report, [\*First Steps toward Recovery: Saving Small Businesses\*](#), focused on how California can best support small businesses impacted by the COVID pandemic and put forward recommendations for how state government can collaborate with the private sector to encourage small business recovery.

This second report turns to workers affected by the pandemic and the recession. It focuses on immediate and near-term steps the state of California can take to support reskilling and retraining opportunities for impacted workers and communities.

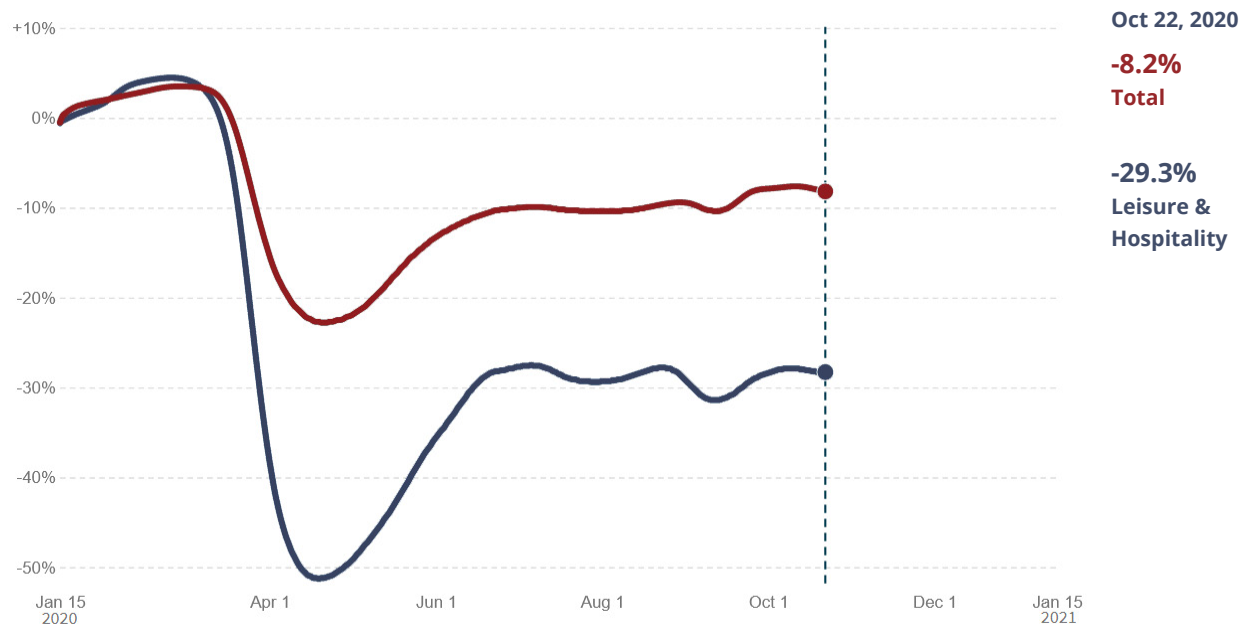
government will not reopen, resulting in permanent job losses.

This substantially explains the pandemic's uneven impact on California's workers. The service sector disproportionately employs younger workers, less-educated workers, workers from communities of color, and women.<sup>10</sup> As a result, those groups have borne the brunt of job losses. According to the Legislative Analyst's Office:

- Workers with a high school diploma/GED or less make up 33 percent of the workforce, but, as of September 2020, account for 61 percent of job losses. In comparison, workers with a baccalaureate degree or higher accounted for only 3 percent of job losses;
- Workers under the age of 25 constitute 11 percent of the workforce, but accounted for 24 percent of job losses;

## Figure 1: Percent Change in Employment – Leisure & Hospitality vs. Total Employment

In California, as of **October 22, 2020**, employment rates in leisure and hospitality **decreased** by **28.3%** compared to January 2020 (not seasonally adjusted).



Source: Opportunity Insights, Economic Tracker, <https://www.tracktherecovery.org/>. Accessed 1/15/2021.

- Women make up 45 percent of the workforce, but accounted for 53 percent of job losses; and,
- Latino workers make up 38 percent of California's workforce, but accounted for 50 percent of job losses.<sup>11</sup>

Jobs losses are also concentrated among low-wage workers. Employment for higher-wage workers (those earning \$60,000 or more annually) fell by about 14 percent in April 2020, but has since completely recovered. Conversely, employment for lower-wage workers (those earning \$27,000 or less annually) fell by more than 35 percent in April 2020, and remained 27 percent below pre-pandemic levels at the end of the year (See Figure 2).<sup>12</sup>

The pandemic's impact on low-wage workers both exacerbates inequality in California and puts a spotlight on increasing occupational polarization in the workforce. In recent decades, outsourcing overseas, globalization, technological change, and

economic consolidation have tended to eliminate "middle-skill" jobs—those jobs that require training and education beyond a high school diploma but do not require a baccalaureate degree—while the shares of high- and low-skill jobs have expanded.<sup>13</sup> In the aftermath of the Great Recession, employment growth was highest in service industries, with much of that growth occurring in low-wage jobs. These are the jobs that the pandemic has eliminated.<sup>14</sup>

In the face of occupational polarization and the pandemic's uneven impact, witnesses emphasized the importance of policies that can address inequities in employment. According to Laura Tyson, Professor at the Haas School of Business at UC Berkeley and former Chair of the U.S. President's Council of Economic Advisors, and Lenny Mendonca, former Chief Economic and Businesses Advisor to Governor Newsom, this could include implementation of policies like further increases to minimum wage

and increased worker protections to help transform “bad” jobs—meaning those with low wages, little chance of advancement, and often no benefits—into better jobs, providing higher income and benefits. Tyson and Mendonca, together with other witnesses, also suggested that further increasing the state’s earned income tax credit and addressing problems of housing affordability could help reduce inequality by bringing Californians up to a minimum living standard.<sup>15</sup>

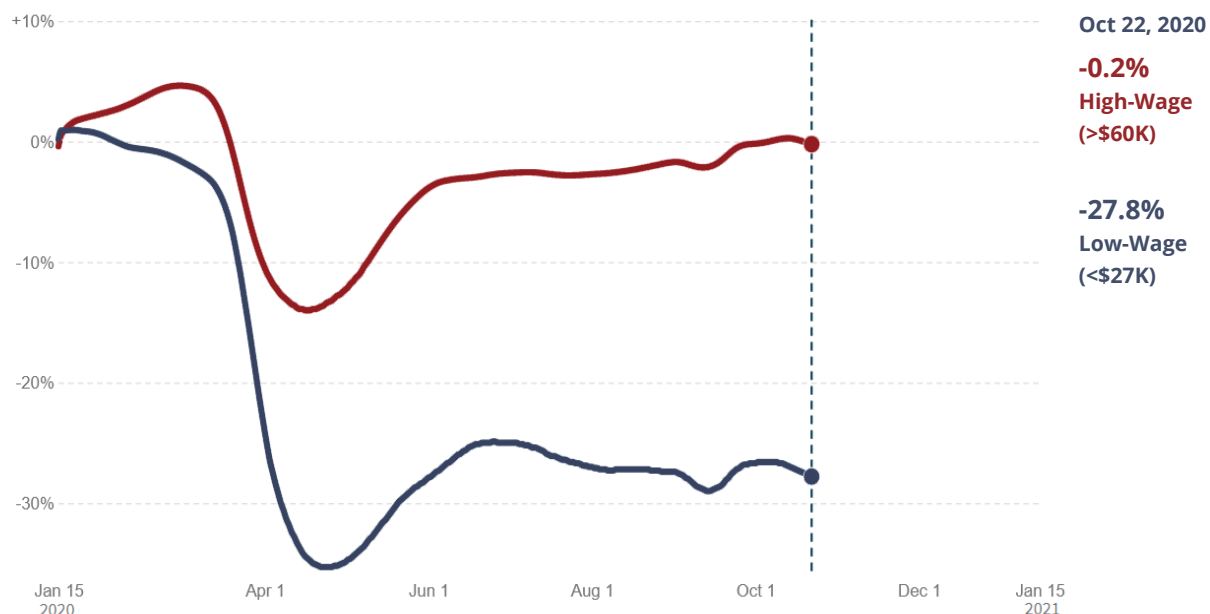
California’s improved budgetary environment, together with potential for additional federal stimulus and support following the November 2020 election, may increase the state’s capacity for undertaking initiatives that address income inequality and job quality.

## The Need for Reskilling

Part of the solution to the current crisis of employment and inequity includes implementing policies that can transform what economists refer to as “bad” jobs into better jobs. Another part is to help workers move into new and higher quality jobs. Witnesses testifying before the Commission emphasized that reskilling and job training will be a critical component of economic recovery. The COVID pandemic likely will result in a lasting impact on the workforce, especially on low-wage workers and those workers with lower levels of education. As the economy recovers, according to Mark Schniepp, Director of the California Economic Forecast, “Low-income Californians will need to move into other economic activities, and may need training to do so.”<sup>16</sup>

### Figure 2: Percent Change in Employment – High-Wage vs. Low-Wage Workers

In **California**, as of **October 22, 2020**, employment rates among workers in the bottom wage quartile **decreased** by **27.8%** compared to January 2020 (not seasonally adjusted).



Source: Opportunity Insights, Economic Tracker, <https://www.tracktherecovery.org/>. Accessed 1/15/2021.

Although uncertainty about the course of the pandemic and the speed of vaccination makes forecasting recovery difficult, full recovery in impacted sectors is likely years away. The extensive damage inflicted on leisure and hospitality and on small businesses means that full recovery in employment may be slow. In California, nearly 20,000 small businesses listed on Yelp had permanently closed as of September, with restaurants and retail establishments showing the highest number of closures.<sup>17</sup> Small business closures will constrain workforce recovery, as may a slow revival in tourism as a result of enduring concern over the safety of travel. Analyses suggest there may not be a return to the previous employment peak in leisure and hospitality until 2024 and those sectors will probably not reabsorb all their former employees.<sup>18</sup> Some estimates suggest that 25-to-40 percent of current layoffs may become permanent job losses.<sup>19</sup>

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Automation and digitization may exacerbate these shifts in employment. National surveys of corporate executives suggest that between 40 and 50 percent of companies have responded to the pandemic by accelerating investments in automation or plan to do so.<sup>20</sup> From the use of QR codes to order at restaurants to increased use of automated

vehicles in warehouses to robot room service, COVID has accelerated automation and digitization throughout the economy, which is likely to have a disproportionate impact on less-educated and lower-wage workers.<sup>21</sup> In addition, if employers continue to allow workers to work remotely, this may further reduce traditional office support and maintenance jobs.

Digitization will probably also change the skills required for existing jobs and will shape the competencies needed for jobs that emerge as the economy recovers. Jobs in retail and logistics already increasingly require digital skills.<sup>22</sup> Job training and reskilling will likely be necessary to help workers impacted by COVID adjust to the post-pandemic workforce and transition to new jobs.

## The Potential for Reskilling

Reskilling and job training can help to ensure that, as recovery begins, workers will have viable pathways to good jobs and employers will have access to career-ready employees.

A number of studies have demonstrated that high-quality career education can help workers increase their earnings and advance their careers. Evaluations of the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program, a federal initiative launched during the Great Recession to provide training aligned with regional needs for dislocated workers, suggest that participation in that program led to improved employment outcomes and wage gains.<sup>23</sup> Similarly, the Public Policy Institute of California (PPIC) recently reviewed the economic returns on community college career education credentials and found that credentials holders, on average, saw an 20 percent increase in earnings. The majority of students earned middle-income wages within one year of completing a career education program.<sup>24</sup> Although wages for students earning career education credentials differ considerably by sector and by credential, it is clear that training—

especially when that training is aligned with industry demand—can lead to increases in earnings. PPIC’s analysis further suggests that career pathways, which allow participants to build skills over time by “stacking” shorter-term credentials, can provide opportunity for advancement.

There also appears to be potential for training to help workers move into sectors less impacted by the pandemic and more likely to lead recovery. PPIC, for example, projected in 2014 that California faces a shortage of 1.5 million workers with some college education but less than a bachelor’s degree by 2025.<sup>25</sup> There are also notable regional and sectoral skills gaps, of which the following are a few examples:

- PPIC projected that California’s healthcare workforce will require almost 450,000 new workers by 2025, and that 40 percent of these additional healthcare jobs will be in “allied” healthcare fields, which require associate degrees or vocational certificates, rather than bachelor’s or advanced degrees.<sup>26</sup> This gap appears to still exist. According to testimony to the Commission, California will need 500,000 new allied health workers through 2024.<sup>27</sup>
- The Center for a Competitive Workforce projected in 2017 that the Los Angeles basin would see 67,450 job openings in twenty middle-skill occupations between 2018-2022. Yet, completion trends in relevant regional community college training programs would leave 42 percent of those positions unfilled.<sup>28</sup>
- Valley Vision, a Sacramento region civic leadership organization, and the Los Rios Community College District Center of Excellence projected in 2018 an annual shortage of 7,000 skilled construction workers in the Sacramento area through 2021.<sup>29</sup>

Although the pandemic will affect projections of worker shortages and of skills gaps, workforce practitioners emphasized that skills gaps are enduring. Even though the share of middle-skill jobs

is declining, workers are also reaching retirement age creating demand in many middle-skill occupations.<sup>30</sup> Projected skills gaps are also especially prominent in fields like advanced manufacturing, technology, healthcare, and construction, fields which have tended to be less impacted by the pandemic and which are likely to lead the recovery.<sup>31</sup> These are also fields that tend to offer higher wages than the service sector, or provide increasingly well-defined career pathways that can support skill acquisition and promotion.<sup>32</sup>

A key dimension of reskilling will be working with employers and analyzing economic and job market data to determine how the pandemic has impacted demand for skills and competencies and orienting training accordingly.

## California’s Investment in Workforce Training and Education

In responding to COVID’s impact on low-wage workers and developing strategies for reskilling, California can build on recent work to strengthen the state’s system of career and workforce education.

Since the Great Recession, California has substantially expanded investment in career education. Between 2012 and 2018, annual categorical funding for career education programs (both K-12 and community college) grew from \$100 million to nearly \$1 billion.<sup>33</sup> With respect to training and reskilling, the most significant portion of this investment is the community college Strong Workforce Program, a \$248 million annual, recurring expenditure that provides funding for regionally aligned career education. The Strong Workforce Program organizes colleges into eight regional consortia and requires those consortia to collaborate with industry and local workforce development boards to address regional workforce needs.<sup>34</sup>



## Key Institutions for Addressing Worker Reskilling

As discussed below (see p. 18), there are a range of state workforce education and training programs, which, in turn, are administered by a number of state agencies. With respect to training for workers impacted by COVID, the following institutions and agencies are likely to be most significant and feature most prominently in this report:

**California Workforce Development Board (CWDB)** - CWDB is the state's coordinating body for workforce issues and is responsible for preparing the state's unified strategic plan for developing a skilled workforce as required by the federal Workforce Innovation and Opportunity Act (WIOA) of 2014. CWDB also administers a number of funding programs that support local and regional workforce development and advance the state's workforce vision.<sup>35</sup>

**Local Workforce Development Boards (LWDBs)** - The core of California's workforce system is comprised of 45 Local Workforce Development Boards. LWDBs bring together representatives and stakeholders from businesses, labor, and education to address local workforce issues. By linking employers, labor, and training providers, LWDBs play a key role in facilitating the design of workforce and training programs. They also manage the approximately 200 federally-supported American Job Centers in California that provide "one-stop" access to training and employment services.

**California Community College (CCC) System** - California's 116 community colleges are the state's principal providers of career education. According to CCC data, almost 350,000 students enrolled in community college career and technical courses in 2018-19 with the goal of building skills to enter or advance their careers.<sup>36</sup> California community colleges annually award approximately 50,000 career education credentials (including associate degrees and certificates).<sup>37</sup>

**Adult Education Consortia** - In 2015, the Adult Education Block Grant (subsequently renamed the California Adult Education Program-CAEP) brought community colleges, K-12 districts, and county offices of education together into 71 local consortia with the goal of better coordinating adult education. As well as providing adult basic and secondary education and English as a second language instruction, these consortia also offer career education for adult learners. In 2016-17 more than 100,000 students received career education through CAEP. Some adult education programs are also working to develop pathways that lead from basic education to the workforce.<sup>38</sup>

**Other Institutions of Higher Education** - In addition to community colleges, other postsecondary institutions, both public and private, provide continuing education and training for adult learners. Both UC and CSU have expansive extension programs. UC Extension enrolls over 400,000 students, divided between students in professional noncredit and general noncredit courses and students in professional credit or degree credit programs.<sup>39</sup> CSU similarly offers a range of degree and certificate opportunities through its Professional and Continuing Education programs.<sup>40</sup> A number of national institutions also specialize in providing higher education to adult learners, including nonprofit institutions like Western Governor's University and National University.

In addition to Strong Workforce, a number of other initiatives aim to align career education more closely with industry needs and ease transitions between education and work. The community colleges are developing career pathways that align stackable credentials with job requirements and industry certifications.<sup>41</sup> The California Apprenticeship Initiative works to expand apprenticeship opportunities to non-traditional fields, including biotech, healthcare, and information technology.<sup>42</sup> The Credit for Prior Learning Initiative, meanwhile, is developing policy to expand credit for prior learning within the community college system, with the goal of eventually allowing more adult learners to receive academic credit for their previous training and experience.<sup>43</sup>

As the creation of these programs and initiatives suggests, California policymakers have emphasized the need for stronger systems of workforce development and career training that foster greater equity of opportunity and equip workers to succeed in the face of economic change. In the most recent iteration of California's strategic workforce plan, the state has committed to a "High Road" approach to workforce development, which emphasizes the importance of job quality, equity, and environmental sustainability in providing job opportunities for workers. The state has also committed to fostering demand-driven skills attainment, enabling upward mobility for all Californians, and better aligning, coordinating, and integrating programs and services.<sup>44</sup>

State efforts to strengthen and expand career training and workforce development reflect broader awareness of the importance of helping workers obtain the skills they need to succeed in a rapidly changing economy. Major corporations like Starbucks<sup>45</sup> and Amazon<sup>46</sup> have launched programs designed to help their workers upskill and acquire additional credentials and degrees, with the goal of providing them with opportunity for career

advancement. In California, the Irvine Foundation launched a major grant initiative, Better Careers, to support training programs that aim to help workers access better jobs.<sup>47</sup>

Yet education leaders speaking with the Commission observed that updating and modernizing California's approach to career and workforce training is like turning a very large ship: the pace of change is slow. The development of career pathways can be a difficult process, especially since the creation of curricular and credential pathways requires close engagement with employers on identifying the specific skills that training must provide.<sup>48</sup> Although there is widespread enthusiasm for expanding apprenticeship opportunities and the number of apprentices in California has increased from 64,000 in 2016 to nearly 100,000 today, they remain overwhelmingly concentrated in the traditional fields of construction and building trades. To the Commission's understanding, California has not developed a specific plan or strategy to meet Governor Newsom's aspirational goal of 500,000 apprentices by 2029, though several nonprofit organizations have suggested possible roadmaps.<sup>49</sup>

## Section 2: The Challenges of Reskilling

While the potential for job training is real, reskilling is easier said than done.<sup>50</sup> Although studies show that career education and well-designed training programs can help workers increase their earnings, efforts to help workers transition to new jobs in the face of economic transformation or dislocation often show mixed or modest results.<sup>51</sup> Training is further characterized by low completion rates, insufficient capacity, and barriers to access.<sup>52</sup> Career education pathways can boost earnings and employment for students earning a credential, but only 55 percent of students entering a career education program in California finish in 6 years or less.<sup>53</sup> The success of individual training programs, which may be the

## Models for Reskilling and Training

Studies on job training and on the future of work highlight a range of programs from around the world and from other U.S. states that show promise in either assisting displaced workers return to employment or helping employed workers obtain new skills that will allow them to transition to better jobs or advance in their careers.<sup>54</sup> The following are examples of different approaches to supporting job training and reskilling:

### INTERNATIONAL

- Sweden uses job-security councils (JSCs) to help laid-off workers return to employment. These councils, which are nonprofit organizations supported by employer payments, exist alongside state employment services and provide financial assistance and individualized job counseling for workers who have been laid-off. Although JSCs vary in the services they provide, their support can include helping workers identify needed skills and directing them to appropriate training. According to the OECD, the close relationship between employers and social partners represented by JSCs helps to explain why more than 85 percent of displaced Swedish workers find new jobs within a year—the highest reemployment rate in the OECD.<sup>55</sup>
- Singapore launched the SkillsFuture initiative in 2014 in order to promote lifelong learning and strengthen connections between training and work. Through the SkillsFuture initiative, government agencies and educational institutions work with employers to identify skills that are in demand and provide training in those skills through short, modular courses that result in recognized skill certifications. Singapore also provides workers with training credits and with online tools to explore career and training options.<sup>56</sup>

### UNITED STATES

- Project Quest is a workforce development program in San Antonio created by community groups in the early 1990s in response to changes in the local economy that made it necessary to provide low-income residents with new skills so they could access emerging good jobs. Project Quest focuses on serving low-income adults. The program places trainees in career education programs at local educational institutions and provides extensive wraparound services, mentoring, and financial assistance for the costs of training.<sup>57</sup> The program boasts a completion rate of nearly 90 percent and substantially increases participants' earnings; a recent nine-year study found that participants, on average, ended up earning over \$5,000 more annually than control group members.<sup>58</sup>

These models illustrate different aspects of approaches to supporting reskilling: improving alignment between training and in-demand skills; helping workers identify training opportunities; and providing displaced workers and trainees with support and guidance. They all suggest the importance of partnerships in connecting workers to training and to new careers.

result of strong leadership and years of relationship building with employers and communities, can be difficult to replicate.

Helping workers impacted by COVID transition to new and better jobs will be a challenge. A recent Brookings Institution analysis observes, “Job transitions data suggest that today’s hardest-hit occupations—from waiters and bartenders to teachers and personal care aides—have not historically offered pathways into occupations that have added jobs in recent months. Likewise, today’s high-demand occupations like software engineering have not typically absorbed workers from the occupations currently under pressure.”<sup>59</sup>

In the Commission’s opinion, these challenges do not detract from the importance of job training in addressing the economic impacts of COVID and should not deter California from a robust commitment to reskilling. Economic and technological change means that providing workers with training is likely to be an essential part of recovery, both in order to help workers return to employment and to ensure that employers have access to workers with necessary skills. Yet in order to retrain workers successfully and help them move into jobs that are better than those they lost, it is critical that state government, training providers, and employers work together to forge training pathways for impacted workers. This will require addressing structural and institutional barriers to reskilling.

## Barriers to Reskilling

Since the Great Recession, researchers have emphasized the need for stronger systems of workforce development that can equip workers to succeed in the face of economic change and foster greater equity of opportunity.<sup>60</sup> Yet, despite considerable attention to the importance of supporting workers facing an uncertain future of work, the Brookings Institution observes, “the U.S. lacks a strong foundation of programs and services

to support adults in making a career transition.”<sup>61</sup>

This point also generally applies to California. California invests heavily in worker training and has made considerable strides toward improving career education and strengthening workforce development, but the state’s workforce and training systems remain difficult to navigate. Limited coordination among different programs further tends to lessen their cumulative impact.<sup>62</sup>

Several institutional and structural factors pose challenges for efforts to retrain workers:

### FUNDING

A historical challenge for career education and for programs that aim to provide workers with training in new skills lies in funding. The United States spends much less on workforce development and career training than many European and other advanced economies. According to one analysis, the U.S. government spends only a fifth of the OECD average on programs that help adults find a new job. This translates into relatively limited federal support for state workforce development and employment services, including the American Job Centers administered by local workforce development boards that are intended to provide workers with a “one stop shop” for accessing employment and training services.<sup>63</sup>

The expense of career education creates further challenges relating to state funding. Career education tends to be more expensive than general education, both because it often requires sophisticated equipment and because instructors with industry experience and expertise in up-to-date skills tend to command higher salaries than other faculty. Yet California colleges receive the same per-student appropriation for career programs as they do for general education programs. The structure of community college funding in California has thus historically disincentivized colleges from establishing or expanding career education programs. As a result,

colleges have sometimes been reluctant to expand career training programs to meet workforce demand. Researchers cite the capacity limits and waitlists common to college nursing programs—one college’s nursing program typically had 100 eligible students vying for 30 open spots each year—as an example of funding structures impeding the ability of programs to respond to workforce needs.<sup>64</sup>

**“Low-wage workers are hard to reach—they face technological, financial and even linguistic barriers that prevent them from pursuing reskilling opportunities.” - Brookings Institution**

The recent expansion in categorical funding for career education, especially the creation of the Strong Workforce Program, was intended to help remove this disincentive to providing career training and compensate for the expense of these programs.<sup>65</sup> Van Ton-Quinlivan, former Executive Vice Chancellor for Workforce and Digital Futures for the California Community Colleges, observed, however, that career education programs still rely on grant funding, with the result that uncertainty about the continuity of resources can inhibit colleges’ sustained investment in these programs.<sup>66</sup> When colleges have resources for faculty hires, it can be safer and less expensive to hire in general studies rather than in career education.

The pandemic amplifies these funding challenges. Community colleges and other training providers are currently under an enormous burden to serve students under extremely difficult circumstances. The pandemic has strained college and university budgets, and costs associated with supporting students and transitioning to remote instruction

were only partially offset by additional federal funding from the CARES Act.<sup>67</sup> Workforce agencies also face considerable additional demand for their services as a result of high levels of unemployment.<sup>68</sup>

## **TRAIN AND PRAY**

In addition to problems of underfunding, training programs have historically been characterized by weak connections between training and regional workforce demand. Tim Rainey, Executive Director of the California Workforce Development Board, characterized this as a “train and pray” approach wherein colleges and other training providers have generally provided training that they hope will lead to employment, rather than working closely with employers and workforce agencies to move trainees into identified employment opportunities.<sup>69</sup> Moreover, training programs have often not been well aligned with current workforce needs.<sup>70</sup>

Improving alignment between training programs and regional economies has been a goal for recent workforce initiatives. The Strong Workforce Program, for example, provides funding for training programs that address regional workforce needs.

Researchers and workforce development professionals increasingly emphasize, however, that creating real pathways from training to jobs requires attending also to the “opportunity gaps” that may prevent individuals from underprivileged backgrounds from entering a training program, succeeding in training, or from translating training into a job.<sup>71</sup> As a Brookings Institution study on reskilling observes, “Low-wage workers are hard to reach—they face technological, financial and even linguistic barriers that prevent them from pursuing reskilling opportunities.”<sup>72</sup> These workers tend to have lower levels of education and are more likely to have low English proficiency, and may also need support meeting basic needs, including transportation and childcare. Lack of social capital and of professional networks can make it difficult to identify new career or training opportunities,



or to secure a job even after completing a training program.

The California community college system has launched a number of initiatives to address opportunity gaps and support student retention and completion.<sup>73</sup> In the near term, however, COVID and the transition to remote education may amplify opportunity gaps, since online learning can pose a barrier for lower-income students and trainees who may have limited internet access.<sup>74</sup>

### **CONNECTED BUT CONFLICTED**

Despite recognition that employers and training providers must work more closely together, establishing effective partnerships is often difficult. California's institutions of higher education exist in a relationship with regional economies that is "connected but conflicted."<sup>75</sup> The incentive structures and institutional cultures of educational institutions and of industry differ substantially. Alignment between institutions of higher education and regional economies is often limited. Even within community college career education, the level of connection between training providers and employers can vary significantly between campuses and programs.

Problems of workforce alignment are, in large part, a structural feature of higher education systems born of a post-World War II era when postsecondary education was not necessary to obtain a middle-class lifestyle and when individuals often remained in a single career for their whole working lives. Despite growing recognition of the need to serve adult learners and of the importance of lifelong learning, federal and state policy generally encourages public university systems to focus their mission on traditional baccalaureate education for traditional-aged students.<sup>76</sup> Although CSU and UC extension divisions provide extensive continuing education programs, primarily oriented around upskilling for current workers, these divisions have not traditionally been viewed as part of the systems' central missions and are self-supporting rather than state-funded.

At the community college level, programs oriented toward the transfer mission traditionally enjoyed greater prestige than those providing vocational training, although this has changed with recent emphasis on and investments in career education.<sup>77</sup>

Fostering deeper connections between colleges (and universities) and employers can be challenging. Developing training programs requires "translating" between educational and industry cultures, practices, and expectations. Yet college faculty and administrators, as well as employers, have limited time for this kind of engagement, or for building the relationships that can foster such engagement.<sup>78</sup>

**Fostering deeper connections between colleges (and universities) and employers can be challenging. Developing training programs requires "translating" between educational and industry cultures, practices, and expectations.**

Institutions of higher education can also appear to struggle to match the current pace of economic and technological change and can be slow to introduce or expand programs in response to workforce needs. Deborah Yaddow, Senior Director of Pathways at Futuro Health, a new healthcare training initiative discussed in detail below, observed that many programs designed to train workers are "not as nimble as they need to be."<sup>79</sup> This is particularly the case with the community college system, where approval for training programs can take a year or longer. The community college system and the Community Colleges Chancellor's Office have been working to improve curricula approval processes

and have streamlined what was previously a more cumbersome process.<sup>80</sup> Yet the approval process for new programs and courses appears to remain slow in at least some cases; the need to obtain local approval of training curricula already in use at other community colleges further complicates the scaling of existing training programs.<sup>81</sup>

These challenges suggest the need for a stronger infrastructure for developing and sustaining engagement between colleges and employers, and for aligning training with industry needs.<sup>82</sup> In addition, higher education and workforce leaders emphasized the importance of better labor market data and intelligence, especially market intelligence that can help trainers understand where the labor market is going and which skills are likely to be in-demand in the future.<sup>83</sup> Together with consultation with employers, such data can help to provide a foundation for aligning training with industry needs.

## **A PATCHWORK QUILT**

According to the Legislative Analyst's Office, there are more than 30 state workforce education and training programs in California, spanning nine state agencies and drawing on various streams of federal and state funding (See Figure 3).<sup>84</sup> At the local level, there are 116 community colleges and 45 workforce development boards in California—systems that are further decentralized and characterized by a high level of local control. In addition, an array of other institutions and organizations provide instruction serving adults looking to acquire new skills or training, ranging from the UC and CSU divisions of continuing education and major nonprofit private universities to for-profit institutions.

California's system of workforce training and development may not constitute as complicated a maze as the broader federal workforce system, which has been described as a "constellation of colleges, workforce programs, and other training providers" that "forms a Rube Goldberg contraption that often overwhelms individuals seeking to reskill or transition

to a new job."<sup>85</sup> It is, however, in the words of one workforce development practitioner, "a patchwork quilt."

The institutional complexity of California's workforce and career training system can be a barrier to collaboration in delivering training services. Developing partnerships across agencies and systems requires coordinating separate program rules, funding streams, and data systems. The large number of agencies, departments, and programs involved in training can also present challenges for access and awareness. For example, a recent study found that many business owners were unaware of the Employment Training Panel, which to funds incumbent worker training, despite paying into it.<sup>86</sup>

The California Career Pathways Trust Program (CCPT) offers an illustration of the challenges of cultivating greater partnership and collaboration among agencies and stakeholders. This initiative provided \$500 million between 2014 and 2016 to support regional consortia of K-12 districts, community colleges, workforce boards, and employers that were intended to create and sustain career pathways leading from high school to postsecondary career education and into the workforce.<sup>87</sup> A review of the program by Jobs for the Future (JFF), a national nonprofit that works to support the development of a more skilled and equitable American workforce, found that the initiative's vision went largely unrealized. "Although all consortia created important pathways during the grant period, many of them disbanded, did not sustain staffing of CCPT functions, and saw members turn their attention to other matters as new grants or initiatives surfaced."<sup>88</sup>

Several lessons emerged from this outcome, including the importance of continuity in state support and state leadership in creating lasting and sustainable cross-sector partnerships. Most of the cross-sector consortia supported by CCPT were not in place long enough to remain durable after funding disappeared.<sup>89</sup>

## Challenges of Coordination: The Eligible Training Provider List

The current downturn underscores systemic and structural challenges confronting California's workforce and career education systems. The complexity of navigating among agencies and of coordinating different funding streams can challenge efforts to support displaced workers.<sup>90</sup>

Valley Vision related an example of the difficulties of cross-sector coordination. Staff at Valley Vision explained that basic computing skills, like proficiency in Microsoft Office and Excel, are in high demand among employers, but that it has been challenging to arrange training in these areas. Unemployed Californians are eligible for California Training Benefits, which are federally funded through the Workforce Innovation and Opportunity Act (WIOA). Valley Vision has, however, encountered difficulties helping individuals apply these benefits to courses in computer literacy at local community colleges and adult education schools, since many of those institutions are not included on California's Eligible Training Provider List (ETPL), which identifies programs eligible to train individuals receiving WIOA funding. Valley Vision staff observed that while many local community college and adult education programs were excluded from ETPL, more expensive programs from for-profit providers appeared on the list and were thus eligible for federal funding. They and their partners struggled to obtain an explanation for why training benefits could not be applied to courses offered by public institutions that addressed a genuine reskilling need.

The explanation appears to lie at both federal and state levels. In order to secure placement on ETPL, a program must undergo multiple levels of state agency review (the training provider first submits an application to the local workforce development board, and the application is then also reviewed by the Employment Development Department) and provide significant, federally-mandated data relating to workforce outcomes. The application process appears to dissuade some colleges and schools from seeking placement on ETPL, while institutions or programs may not collect the required outcomes data or may have to work across multiple agency data systems to obtain it.<sup>91</sup>

The challenges surrounding Valley Vision's engagement with the Eligible Training Provider List underscore the complexities of the workforce and training system. The range of federal and state agencies involved and layers of technical programmatic requirements can make cross-agency coordination challenging and create a system that is difficult even for experienced practitioners to navigate.

### Figure 3: LAO Table Showing Funding for Major Workforce Education and Training Programs in California

2018-2019 Enacted Budget (in Millions)

Program	Agency	State General Fund	Other Fund Sources <sup>a</sup>	Total Funding
Apportionments for workforce education and training	CCC	\$2,377 <sup>b</sup>	—	\$2,377
Adult Education Program	CDE/CCC	527	—	527
LCFF add-on for workforce education and training	CDE	430	—	430
CCC Strong Workforce Program	CCC	250	—	250
CalWORKs employment and training services	DSS	216	1,021	1,237
Office of Correctional Education programs	CDCR	209	—	209
Office of Offender Services workforce programs <sup>c</sup>	CDCR	196	43	239
High School Strong Workforce Program	CDE/CCC	164	—	164
CTE Incentive Grants	CDE	150	—	150
Apprenticeships	CDE/CCC	78	—	78
Vocational Rehabilitation	CDR	63	377	440
Core Training Program	Corps	52	63	115
Student Services for CalWORKs Recipients	CCC	45	—	45
Project Workability for students in special education	CDE	40	—	40
Economic and Workforce Development Program	CCC	23	—	23
California Partnership Academies	CDE	21	—	21
Prison-to-Employment Initiative	EDD	16	—	16
CTE Pathways Program	CDE/CCC	15	—	15
Adults in Correctional Facilities (Jail Ed)	CDE	15	—	15
Breaking Barriers to Employment Initiative	EDD	15	—	15
Nursing program support	CCC	13	—	13
California STEM Pathways Program (one time)	CCC	10	—	10
Offender development programs	CalPIA	7	10 <sup>d</sup>	17
Specialized Secondary Programs	CDE	5	—	5
Road Repair and Accountability Act pre-apprenticeships	EDD	5	—	5
Agriculture Incentive Grants	CDE	4	—	4
Strong Workforce certified nursing assistant program	CCC	2	—	2
Adult, Youth, and Dislocated Worker Services (WIOA Title I)	EDD	—	398	398
Wagner-Peyser Employment Services (WIOA Title III)	EDD	—	137	137
Carl D. Perkins Career and Technical Education Act Program	CDE/CCC	—	118	118
CalFresh Employment and Training Program	DSS	—	114	114
Adult Education and Family Literacy Program (WIOA Title II)	CDE/CCC	—	103	103
Employment Training Panel	EDD	—	89	89
Jobs for Veterans State Grant	EDD	—	19	19
Student Services for CalWORKs Recipients	CDE	—	10	10
<b>Totals</b>		<b>\$4,947</b>	<b>\$2,501</b>	<b>\$7,448</b>

<sup>a</sup> Largely federal funds, with some special funds.

<sup>b</sup> Extrapolated from best available data. Assumes community colleges spend one-third of apportionment funding on workforce education and training.

<sup>c</sup> Reflects funding for wraparound services, which include workforce education and training.

<sup>d</sup> Funded through sale of CalPIA goods.

CCC = California Community Colleges. CDE = California Department of Education. DSS = California Department of Social Services. CDCR = California Department of Corrections and Rehabilitation. CTE = career technical education. CDR = California Department of Rehabilitation. Corps = California Conservation Corps. EDD = California Employment Development Department. STEM = science, technology, engineering, and mathematics. CalPIA = California Prison Industry Authority. WIOA = Workforce Innovation and Opportunity Act.

Source: Legislative Analyst's Office, <https://lao.ca.gov/Education/EdBudget/Details/170>.

Note: This figure provides LAO's most recent listing of major workforce programs, from the 2018-19 budget year. This list includes some programs that received one-time funding or that are no longer supported, and does not feature newer programs, like the California Workforce Development Board's High Road Training Partnerships. It nevertheless reflects the array of state programs and agencies involved in training. In addition, most programs listed remain in place and continue to receive funding at levels comparable to those shown.

## Section 3: Approaches for Strengthening Training and Workforce Development

Since the Great Recession, California has made significant investments in career education. In the course of this study, the Commission learned that existing initiatives are reshaping the training and workforce education landscape. Programs like Strong Workforce have encouraged greater collaboration between community colleges and employers. Partnership between training providers and employers is becoming more routine and these partnerships are increasingly aligning training with industry needs.<sup>92</sup> CSU's Professional and Continuing Education program, for example, has adopted strategies for addressing workforce needs that include developing short-term courses and stackable modules in collaboration with employers, as well as partnering with essential industry sectors—cybersecurity, life sciences, and fire sciences—to develop new certificate and degree programs.<sup>93</sup>

In order to address challenges facing California's workers and support those impacted by the pandemic-induced recession, California must build on this work.

Witnesses also observed that significant skills gaps remain and that training curricula often lag behind rapid technological and industry change. The state of California needs to continue to work to better align incentives, funding, and programs to provide broad access to reskilling opportunities. Given the challenges of aligning employers and training providers and of providing navigable training pathways, one witness observed, "We have to move away from business as usual." The question is, "How do we move into a space where we can work differently?"<sup>94</sup>

Witnesses suggested key strategies for supporting

training and reskilling programs that can lead to quality jobs for workers impacted by COVID. These are strategies that are often already in place and are helping to organize new training efforts across the state. Additional state leadership and support is, however, needed to scale and replicate these approaches.

### CREATION OF TRAINING ECOSYSTEMS AND CROSS-SECTOR PARTNERSHIPS

One approach to strengthening training lies in creating what witnesses called "training ecosystems:" close cross-sector partnerships that foster and structure the connections and linkages necessary to develop training pathways and help students through those pathways.<sup>95</sup> Central to this strategy is the inclusion of training intermediaries, often community-based organizations (CBOs) or nonprofit organizations, that support coordination between employers and training providers and help trainees navigate training programs and the job market.<sup>96</sup>

Intermediary organizations can help to address barriers to training. By partnering with CBOs, for example, training providers can leverage those organizations' knowledge of their communities to connect with potential trainees and better understand what is needed to address place-based conditions affecting training outcomes.<sup>97</sup>

Training intermediaries often, however, struggle to obtain funding. Tim Rainey observed that colleges have traditionally been reluctant to share funding with CBOs, even though those organizations can play a key role in training missions.<sup>98</sup> Yet placing intermediaries at the center of training partnerships appears to strengthen collaboration and coordination.<sup>99</sup>

A new and innovative example of an ecosystem approach to training is Futuro Health, a new \$130 million partnership that emerged out of the November 2019 collective bargaining agreement between Kaiser Permanente and SEIU-United Healthcare Workers West. Futuro Health represents



a shared commitment—and shared investment—on the part of employers and labor to work together to address the healthcare skills gap at scale. Futuro Health aims to recruit and train 10,000 people in allied healthcare positions by 2024.

Futuro Health also represents a new education-to-work model that responds to identified skills gaps and curates training offerings, while providing

## Center for a Competitive Workforce

The Center for a Competitive Workforce (CCW) provides the nexus for a cross-sector training partnership between the Los Angeles County Economic Development Corporation (LAEDC) and the Los Angeles region's 19 community colleges. CCW was founded in 2017 as a regional Strong Workforce Program project and is funded through the regional consortia's Strong Workforce allocation. CCW focuses "on institutionalizing the regular engagement of and partnerships between our 19 community colleges in the L.A. region and employers from high-growth industry sectors with projected growth of middle skill jobs." The Center supports and organizes engagement between community colleges and employers by convening industry councils that connect business leaders and faculty and help to identify labor trends and priorities for skills development. It also leads program advisory meetings wherein employers provide input and feedback on program curricula.

In addition to developing employer engagement, CCW provides labor market research, analyzes the relationship between anticipated job openings and program completion trends, and promotes work-based learning opportunities.<sup>100</sup>

students with career exploration and coaching, assistance determining pathways to credentials, and support transitioning from education to employment. Debbie Yaddow, Futuro Health's Senior Director of Pathways, explained that given the "smorgasbord of education offerings out there, it is hard for a student to know which education program is best... So, Futuro Health does the work to hone in on what is in demand, source quality partners, and negotiate pricing."<sup>101</sup> In its first nine months, Futuro Health was on track to move 1,500 students into education programs and had already upskilled more than 3,500 current healthcare workers to help address the COVID pandemic.

The specific model developed by Futuro Health is made possible by the character of the healthcare industry, including large employers, a substantially unionized workforce, and highly defined career paths, and may thus be difficult to replicate in other sectors. Yet it reflects the broader potential of training ecosystems to address the institutional gaps between training providers and employers and help trainees navigate training programs.

## ALIGNING RESKILLING WITH REGIONAL ECONOMIC DEVELOPMENT

Witnesses emphasized the importance of integrating training and reskilling programs with place-based approaches to inclusive regional economic development. Witnesses observed that inclusive regional development will be necessary to grow the share of good jobs and ensure those jobs are available to traditionally marginalized and underserved populations. As noted above, the overall trend in California is toward occupational polarization and a decline in the share of middle-skill jobs. In 2017, for example, the Brookings Institution calculated that the Inland Empire faced a deficit of 350,000 good or promising jobs to enable struggling workers to reach the middle class.<sup>102</sup> Yet, according to testimony from Jobs for the Future, "There are tremendous opportunities for educational

institutions to partner with business and labor to support inclusive economic development strategies that spur economic growth and create higher quality jobs for Californians.”<sup>103</sup>

Lenny Mendonca highlighted the Fresno DRIVE initiative as an example of this kind of collaboration. This initiative has crafted an inclusive and comprehensive development plan for the Fresno region through input from a range of community organizations. The plan includes a strategy for strengthening workforce development with a focus on providing upskilling and reskilling within sectors identified as priorities for regional economic development, including agricultural technology.<sup>104</sup> The Inland Empire Growth and Opportunity (IEGO) campaign has similarly developed a cluster-based economic development strategy that focuses on regional industries, like logistics and professional services, that have potential to produce high-quality jobs.<sup>105</sup>

Jobs for the Future observes that partnerships between universities and industry can further connect regional economies to research and development, with potential both to help industries address existing technological challenges and, “move the industries up the global value chain by developing new products and services that are more knowledge-intensive and higher value-added.” When further combined with training, such partnerships help ensure that underserved communities can

benefit from the resulting growth. State government can help to catalyze these partnerships by establishing strategy and prioritizing resources.<sup>106</sup>

UC Davis’s new life sciences campus in Sacramento, Aggie Square, offers an example of how regional partnerships can connect research and training as part of regional economic development strategies. In alignment with the creation of a new university and industry research hub, UC Davis’s Division of Continuing and Professional Education is also working with industry partners and local community colleges to develop a Life Sciences Workforce Training Collaborative to provide training that leads to middle-skill jobs in the life sciences, starting with a certificate program in cell and gene therapy manufacturing.<sup>107</sup>

## **INDUSTRY-LED AND SECTOR-BASED TRAINING**

Career education programs are moving away from “train and pray” approaches to training to approaches that are more firmly rooted in employer demand for specific skills and occupations. “In order to succeed, workforce development providers must work hand-in-glove with local businesses to ensure that their students gain skills that employers want.”<sup>108</sup>

Industry-led training approaches can take different forms. The California Workforce Development Board’s High Road Training Partnerships (H RTP) initiative, for example, is a \$10 million demonstration

## **Identifying Digital Skills in Sacramento**

Providing reskilling to workers impacted by COVID requires understanding the skills and occupations that are in demand and creating pathways that allow workers to acquire those skills. Valley Vision has partnered with Burning Glass Technology, a leading job market analytics company, to learn what digital skills are needed for high-growth jobs in the Sacramento area. This partnership will provide research into the digital skills demanded by industry and into the skills-based overlaps between high-unemployment occupations and occupations in growing fields, in order to inform reskilling strategies. This collaboration is funded by the City of Sacramento, through CARES Act funding.<sup>109</sup>

project that aims to model high road training approaches. H RTP supports programs that demonstrate industry-led problem solving, including participation from employers and workers, and high levels of partnership between employers and labor in addressing industry workforce needs.<sup>110</sup> Tim Rainey explained that the “DNA of the high road approach is high industry engagement.” The goal of this strategy is to “pull people into quality jobs, rather than pushing them into the labor market.”<sup>111</sup> Current H RTP programs include training partnerships in logistics, janitorial services, hospitality, and healthcare, among other sectors.

With funding support from JP Morgan Chase, the San Diego Regional Economic Development Corporation (EDC) has launched the Advancing San Diego initiative, which aims to expand access to skilled talent for small businesses and increase diversity in high-demand jobs. This program employs the US Chamber of Commerce Foundation’s Talent Pipeline Management framework, wherein employer collaboratives identify and communicate competency and credential requirements to training providers and provide feedback to the providers on how to update and improve curriculum.<sup>112</sup> San Diego Regional EDC publicly recognizes colleges and universities as “preferred providers” if faculty align curricula with the needs of local employers. Students from preferred provider institutions are then eligible for fully-funded internships within participating small businesses.<sup>113</sup>

## Recommendations

Many calls for expanded and improved job training and reskilling programs come with the admonition that these opportunities should accompany other steps to strengthen the safety net and improve job quality. In the words of a Brookings Institution report, “reskilling alone will not be enough to lessen inequality or provide equal opportunity.” That report goes on, however, to observe that “reskilling

will be integral to the social scaffolding that can support economically vulnerable workers.”<sup>114</sup>

Although retraining alone will not address the severe impacts of COVID-19 on California’s economy and workforce, it can help to ensure that, as recovery begins, workers will have viable pathways to good jobs and employers will have access to career-ready employees.

The Commission focuses its recommendation on near-term steps that California should take to increase availability of high-quality training and reskilling opportunities for workers impacted by COVID, enable the creation and expansion of pathways that lead to new and better jobs, and facilitate access to those pathways. The Commission understands that more work will be needed to create a stronger, more cohesive, and more streamlined system of training and reskilling in California. Yet, while California continues to strengthen its education and workforce systems, state government must act now to support equitable recovery by addressing immediate training needs.

**1. The Governor should present a statewide Equitable Recovery Worker Training plan to the Legislature by October 1, 2021.** The Governor’s January budget proposes \$250 million in one-time funding for career education and workforce development to support improved linkages between higher education institutions and employers, as well as one-time and ongoing funding for specific workforce development programs. The Commission encourages the Governor and Legislature to approach career education and workforce development funding as a critical investment in supporting recovery. The Governor and Legislature should deploy funding strategically and with intention to support the workers and communities most impacted by the pandemic and create durable training pathways and partnerships that help low-income workers move into better jobs. State government needs a plan for providing high-quality

training as part of an equitable recovery.

In order to guide the state's investment in training and workforce development, the Governor's Office, in consultation with the Community Colleges Chancellor's Office, California Workforce Development Board, Strong Workforce regional consortia, and other relevant agencies, as well as UC and CSU, should develop a statewide plan for providing job training to workers and communities impacted by COVID.

The plan should draw on current data and projections to identify in-demand skills and occupations, both regionally and statewide. Based on that and other relevant data, the plan should establish statewide and regional targets for training and reskilling that support equitable recovery. These targets should be equity minded and should take into consideration both place-based conditions and the uneven economic impact of the pandemic, which falls hardest on communities of color and underserved communities. The plan should outline how training providers will meet training goals, and further identify opportunities to increase cross-program coordination and private sector engagement in achieving those goals. Where possible, the plan should leverage private sector initiatives and interests to help scale and sustain training. It should also lay out a comprehensive, cross-agency outreach and communications strategy for raising awareness of training opportunities among impacted communities and for helping workers identify the programs that best address their needs, with evaluation metrics to determine the success of outreach. The Governor should present a follow-up report by October 1, 2022 indicating progress toward meeting the stated targets.

**2. In order to strengthen existing training consortia, the Governor and Legislature should increase annual funding for the community college Strong Workforce Program and direct**

**Strong Workforce regional consortia to use this additional funding to provide new or increased support for training intermediaries, including community-based organizations.** The Commission understands that sustained engagement between training providers and employers is necessary to better align career education programs with employer needs. The Commission also understands that including community-based organizations as equal partners can help training consortia better address the needs of trainees from underserved communities. To these ends, Strong Workforce funding should be expanded to enable the regional consortia to more fully partner with and better support training intermediaries and community-based organizations, while sustaining their investment in career education programs.

The Legislature should also work with the Community Colleges Chancellor's Office to update Strong Workforce Program language to further encourage and lead colleges and regional consortia to support training intermediaries (including community-based organizations) and points of connection with employers.

**3. To advance a "rise of the rest" agenda for worker training, the Legislature should use a portion of proposed one-time funding for workforce development to fund innovative regional training programs in a race-to-the-top competition. This grant competition would support the development or expansion of cross-sector training partnerships that feature both community-based organizations or other training intermediaries and employers as co-creators and that provide industry-led training opportunities for workers and communities impacted by the pandemic.** This competition could be jointly administered by the Community Colleges Chancellor's Office and the California Workforce Development Board, and would fund partnerships that support high road approaches to reskilling

and address regional workforce needs, with a focus on workers from traditionally underserved and underrepresented communities. The competition could encourage applicants to align training with regional economic development strategies and initiatives.

This grant competition would provide a framework to encourage the development of richer training ecosystems that address current training needs and that incorporate training intermediaries, which can facilitate better outcomes for trainees and closer alignment between training providers and employers. It would also enable training partnerships to scale to better meet the training needs of workers impacted by COVID. In order to incentivize participation, grants should be sizable and the competition should include multiple rounds of funding. To maximize the reach of this competition and enhance statewide coordination and leadership, the Commission further suggests that the state partner with private foundations/major corporations in developing and funding the initiative.

Competition guidelines should be carefully designed to ensure that this initiative complements existing training and workforce programs, so that it will work with those programs rather than competing against them. This will further help provide a basis for sustaining partnerships beyond the grant funding. The competition should be structured to encourage participating colleges and agencies to respond quickly to current needs. For example, the program could require that participating colleges/Strong Workforce consortia significantly expedite approval for any new training courses or programs funded by the grant. The competition should also require applicants to develop outreach strategies that target impacted communities and help workers determine what training is most appropriate for them.

Finally, both application and evaluation processes should be succinct and non-burdensome. Applications should be simple, should contain bold

but achievable goals related to job placements and earnings, and could be reviewed by a panel drawn from the Community Colleges Chancellor's Office and California Workforce Development Board. The competition should also allow participants to align evaluation with their existing outcomes reporting.

**4. The Governor's Office—with consultation and support from the Community Colleges Chancellor's Office, California Workforce Development Board, and other relevant agencies—should take the lead in developing a statewide partnership with companies providing job market analytics to make high-quality data and data analysis on in-demand skills, competencies, and occupations available to training providers and their partners. In order to guide this partnership and the dissemination and use of data/data tools, the Governor's Office should present an implementable job training data plan to the Legislature by October 1, 2021.**

Given demand for training and the reality of scarce resources, it is critical that training providers, local workforce development boards, and Strong Workforce regional consortia target in-demand skills and occupations. It is also essential that individuals looking to develop new skills understand what skills are in demand in their region/locality. Many community college districts and Strong Workforce regional consortia already purchase job market data and analysis, but districts may be limited in the depth of data and range of data tools they are able to obtain.

The size of California's labor market and workforce training system suggests that the state may have leverage to work with job market analytics providers (e.g., Burning Glass, LinkedIn) to make data, data analysis, and data tools available to community college districts, local workforce development boards, regional consortia, and community-based organizations providing training and employment services, as well as to regional industry and business



groups. This data/data analysis should be regionally tailored, identify the specific skills and occupations that should be the focus for reskilling, and help training providers and workers identify the most promising pathways for reskilling and upskilling. Colleges and Strong Workforce regional consortia would be expected to “truth test” this data with employers and with industry groups and then work with employers to revise curricula accordingly.

In return for access to the data, colleges and Strong Workforce regional consortia would be required to demonstrate how they are teaching to the in-demand skills and competencies identified by that data. Strong Workforce consortia should also work with local workforce development boards and community-based organizations to make the relevant information about skills and occupations publicly available, in an accessible and easily understood form, in order to raise awareness of training pathways and inform individuals’ choice of training options.

**5. The state should establish a working group composed of senior representatives from state workforce, higher education, and economic development agencies, as well as from other agencies that support major workforce development programs, that can facilitate coordination among agencies and programs in providing reskilling opportunities to workers impacted by COVID.**

This working group would identify barriers to reskilling resulting from inadequate coordination or alignment between agencies and programs. It would develop approaches for addressing those barriers and identify what can be accomplished through administrative action, and through greater interagency coordination and collaboration, as well as advising where legislative action is required to improve programs. It would also act as a single point of contact to which practitioners statewide could

direct problems where interagency cooperation is required. In addition, this working group could help to coordinate workforce development components of the infrastructural investments that are likely to emerge from state and federal economic recovery efforts. It could further enable greater coordination in the development of communications strategies to engage impacted communities, as well as in the continued introduction of user-oriented platforms to better connect workers with training and employment opportunities. In order to support the working group, the Commission suggests that limited funding be provided for staff time.

The Commission understands that the pandemic has encouraged greater interagency communication and cooperation. The Community Colleges Chancellor’s Office is working with the Labor and Workforce Development Agency to address issues surrounding the Eligible Training Provider List. The Chancellor’s Office is also collaborating with the Governor’s Office of Business and Economic Development (GO-Biz) to explore opportunities for community colleges to partner with small business development centers to support regional entrepreneurship.<sup>115</sup>

Such cooperation is critical if state agencies and programs are to meet the training needs of workers and communities impacted by COVID. The Commission recommends that California work to institutionalize greater interagency coordination and cooperation. In 2018, the National Skills Coalition proposed the creation of a “cross-Secretariat Governor’s Workforce and Economic Mobility Cabinet to ensure that public investments in workforce development put workers on pathways to good jobs and work in tandem with other economic mobility strategies.”<sup>116</sup> The working group proposed here would provide a structure for expanding coordination in the immediate term and may form the basis for subsequent development of a permanent coordinating institution for reskilling and workforce development.

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# ■ Little Hoover Commission Members

## **CHAIRMAN PEDRO NAVA | Santa Barbara**

Appointed to the Commission by Speaker of the Assembly John Pérez in April 2013 and reappointed by Speaker of the Assembly Anthony Rendon in 2017. Government relations advisor. Former State Assemblymember from 2004 to 2010, civil litigator, deputy district attorney and member of the state Coastal Commission. Elected chair of the Commission in March 2014.

## **VICE CHAIRMAN SEAN VARNER | Riverside**

Appointed to the Commission by Governor Edmund G. Brown Jr. in April 2016 and reappointed in January 2018. Managing partner at Varner & Brandt LLP where he practices as a transactional attorney focusing on mergers and acquisitions, finance, real estate, and general counsel work. Elected vice chair of the Commission in March 2017.

## **DION ARONER | Berkeley**

Appointed to the Commission by the Senate Rules Committee in April 2019. Partner for Aroner, Jewel, and Ellis. Former State Assemblymember from 1996 to 2002, chief of staff for Assemblymember Tom Bates, social worker for Alameda County, and the first female president of Service Employees International Union 535.

## **DAVID BEIER | San Francisco**

Appointed to the Commission by Governor Edmund G. Brown Jr. in June 2014 and reappointed in January 2018. Managing director of Bay City Capital. Former senior officer of Genentech and Amgen, and counsel to the U.S. House of Representatives Committee on the Judiciary.

## **CYNTHIA BUIZA | Los Angeles**

Appointed to the Commission by Speaker of the Assembly Anthony Rendon in October 2018. Executive director of the California Immigrant Policy Center. Former policy director for the American Civil Liberties Union, San Diego, and policy and advocacy director at the Coalition for Humane Immigrant Rights of Los Angeles.

## **BILL EMMERSON | Redlands**

Appointed to the Commission by Governor Edmund G. Brown Jr. in December 2018. Former senior vice president of state relations and advocacy at the California Hospital Association, State Senator from 2010 to 2013, State Assemblymember from 2004 to 2010, and orthodontist.

## **ASM. CHAD MAYES | Yucca Valley**

Appointed to the Commission by Speaker of the Assembly Toni Atkins in September 2015. Elected in November 2014 to represent the 42nd Assembly District. Represents Beaumont, Hemet, La Quinta, Palm Desert, Palm Springs, San Jacinto, Twentynine Palms, Yucaipa, Yucca Valley, and surrounding areas.

## **SEN. JIM NIELSEN | Gerber**

Appointed to the Commission by the Senate Rules Committee in March 2019. Elected in January 2013 to represent the 4th Senate District. Represents Chico, Oroville, Paradise, Red Bluff, Yuba City, and surrounding areas.

## **ASM. BILL QUIRK | Hayward**

Appointed to the Commission by Speaker of the Assembly Anthony Rendon in 2017. Elected in November 2012 to represent the 20th Assembly District. Represents Hayward, Union City, Castro Valley, San Lorenzo, Ashland, Cherryland, Fairview, Sunol, and North Fremont.

## **SEN. RICHARD ROTH | Riverside**

Appointed to the Commission by the Senate Rules Committee in February 2013. Elected in November 2012 to represent the 31st Senate District. Represents Corona, Coronita, Eastvale, El Cerrito, Highgrove, Home Gardens, Jurupa Valley, March Air Reserve Base, Mead Valley, Moreno Valley, Norco, Perris, and Riverside.

## **CATHY SCHWAMBERGER | Calistoga**

Appointed to the Commission by the Senate Rules Committee in April 2018 and reappointed in January 2019. Associate general counsel for State Farm Mutual Automobile Insurance Company. Former board member of the Civil Justice Association of California and the Capital Political Action Committee.

## **JANNA SIDLEY | Los Angeles**

Appointed to the Commission by Governor Edmund G. Brown Jr. in April 2016 and reappointed in February 2020. General counsel at the Port of Los Angeles since 2013. Former deputy city attorney at the Los Angeles City Attorney's Office from 2003 to 2013.

**Full biographies are available on the Commission's website at [www.lhc.ca.gov](http://www.lhc.ca.gov).**

**“DEMOCRACY ITSELF IS A PROCESS OF CHANGE, AND  
SATISFACTION AND COMPLACENCY ARE ENEMIES OF  
GOOD GOVERNMENT.”**

By Governor Edmund G. “Pat” Brown,  
addressing the inaugural meeting of the Little Hoover Commission,  
April 24, 1962, Sacramento, California



Milton Marks Commission on California State  
Government Organization and Economy

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